131 Thus the boundaries of Syria may be defined as the Taurus Mountains to the north, the Mediterranean to the west, Sinai and Hejaz to the south, and northern Mesopotamia and the Syrian Desert to the east. Its length is rather more than 500 miles, and the breadth of its cultivable area varies between 100 and 150 miles.

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133 It is itself split up into several regions clearly marked off from one another by main lines of division running roughly from north to south, with subsidiary lines running from east to west. The first region is the Mediterranean coastal belt, in some places broad enough to be called a plain, for example the plain of Akkar, but in others no more than a narrow strip; [504] in general, it broadens as it goes south. Although it has few good natural harbours, it is studded with famous ports: Alexandretta, Latakia, Tripoli, Beirut, Sidon, Tyre, Haifa and Jaffa. East of it is a highland belt: the Amanus in the north, then the Jebel Ansariyah, rising to some 5,000 ft., then Lebanon, of which the peaks reach 10,000 ft., and then the Palestinian hills, bounded on the south by the arid district of the Negeb. This belt is scarred with the valleys of streams flowing westwards to the sea, and cut across by a number of gaps, through some of which rivers flow: the plain of Antioch, the gap between Tripoli and Homs and the plain of Esdraelon. East of these ranges runs a line of comparatively narrow depressions varying in character from north to south. In the north there are the plain of al-Amq, the Orontes valley and the Ghab marshes; south of them lies the Biqa' valley; then the broken country in which lie the sources of the Jordan; then the swampy district of Hulah; then the narrow valley of the Jordan, lying below sea-level, opening out at one point into the Sea of Galilee and ending in the Dead Sea; and finally the Wadi Araba, leading down to the Red Sea at Aqaba. A number of important rivers run for part of their courses along these depressions: the Orontes flowing north and then west, the Litani south and then west, and the Jordan south. Here also lie the important lakes of Syria: those of Homs and Hulah, the Sea of Galilee and the Dead Sea. The line of depressions is interrupted by the ridge of Baalbek, the watershed between the Orontes and Litani; and farther south is linked with the coastal plain by the Esdraelon Gap.

that process which has been going on since the beginning of history. But in the steppe and desert country where pasturing is possible and cultivation impossible, the Beduin still have an important part to play.

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Approximately one-third of the population lives in towns. There are three towns, Beirut, Damascus and Aleppo, with between 200,000 and 300,000 inhabitants each; five others —Homs, Hama, Tripoli, Latakia and Dair az-Zur—with between 20,000 and 100,000. The inhabitants are mainly occupied in commerce and industry.

The structure of industry is changing more rapidly than that of agriculture. A two-fold change is taking place. On the one hand, the traditional textile, metal and other industries, which used to supply the needs of a great part of Ottoman Asia and the Arabian peninsula, are being killed by the Westernization of taste and by the competition of cheap Western and Japanese goods. On the other, modern industries are slowly being created, especially in the three principal towns, Damascus, Aleppo and Beirut. Their development has been hampered by paucity of raw materials, the scarcity of capital and to a lesser extent of technical skill, competition from Europe, America and lately from Japan, the smallness of the internal and the absence of an external market. The modern industrial equipment of the country is still confined to a small number of factories for foodstuffs, textile goods and certain other products for the internal market. The silk industry of Lebanon, which was important until it was overwhelmed by foreign competition and the introduction of artificial silk, has had a partial revival during the last few years.

Not only the industrial but the whole economic development of the country is handicapped by inadequate communications. There is only one modern port, Beirut, which has been developed by French capital and enterprise, and through which flows the bulk of the country's external trade. Tripoli is important as the terminus of one branch of the oil pipe-line from Iraq, but it does not yet possess adequate harbour-works; Latakia is small and undeveloped. The railway system, mainly built and administered by a French concessionary company, includes only a little over a thousand kilometres of track. Passengers and goods are carried

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457 the end of 1953, even though Syria paid off during these years all but £ 10.2 million of a £S 44.6 million debt to Lebanon and repaid $1,454,123 to the International Monetary Fund.

Transport

489 The transport system which carries the country's commerce reveals many deficiencies. Although Syria is served by three railways, all were built before the breakup of the Ottoman Empire and therefore do not adequately serve the needs of an independent Syria. The gauges are not uniform, and there is no direct rail connection between Damascus and Aleppo. The port of Latakia, which handles most of Syria's overseas trade, is served only by roads. The railways in 1953 actually carried slightly less cargo than before the war. All of the substantial increase in traffic since the prewar period has been absorbed by motor transport. The number of all types of motor vehicles rose from 3,736 in 1939 to 13,146 in 1953, and the number of trucks from 873 to 4,742. Even such bulky commodities as cereals are now transported mostly by road. Yet the road system is also far from adequate and transport costs are very high.

504 Aside from Banias, which ships only oil transmitted by pipeline from Iraq, Syria has only one major port, Latakia. The volume of traffic at this port, which is still in process of development, has grown rapidly and amounted in 1953 to 90% of the overseas export and 46% of the overseas import trade of the country. The Lebanese ports of Beirut and Tripoli accounted for the balance. In the same year, however, almost half of the total volume of Syria's foreign trade went overland, principally to and from Lebanon.

Money and Credit

652 The monetary and banking system of Syria is still in the process of
457 development. Although a new monetary statute enacted March 28, 1953 envisages the establishment of a government central bank within a few years, the note-issuing function meanwhile remains with the Banque de Syrie et du Liban (BSL) which first received the right to issue currency during the French mandatory regime. Gold and foreign exchange in the monetary cover is bought through the intermediary of the Exchange Office, an autonomous government agency established in April 1952. This

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capacity significantly, the restrictive policy may have contributed to higher trucking charges. Recently there has been some relaxation of the restrictions. The mission concedes that in principle it might be desirable to regulate the number of trucks in order to prevent excessive investment in road transport. The government, however, has little knowledge about the adequacy of the number of trucks to guide it in applying such a regulation, and it would be better to achieve the objective indirectly by charging a high fee for new truck licenses, as is done in the case of tank trucks.

III PORTS

One of the most important transport projects undertaken by the Syrian government in recent years is the construction of the port of Latakia. This is Syria's only real port other than Banias, which handles just the oil coming in over the pipeline from the oilfields in northern Iraq. The decision to create a port at Latakia was formally taken early in 1950 when a company, capitalized at £S 24 million, was formed to establish and operate the port. Nearly all of the capital has been furnished by the government; private capital has subscribed only 10% despite a government guarantee of a 5% dividend.

Natural conditions at Latakia, as indeed along most of the eastern Mediterranean coast, are not particularly favorable to a port. There is no natural harbor and heavy winds from January to March impede port operations. For this reason, the principal feature of the port program is the construction of a breakwater and the deepening of the basin behind it. Other features call for the construction of quays and warehouses with a capacity of 15,000 cubic meters and the installation of cargo-handling equipment. Work on the breakwater and quays is proceeding and plans for the equipment of the port are being perfected. The breakwater and quays should be finished in 1956 and the remainder of the work in the following year. To complete these plans will probably entail a further outlay of £S 38 million over the coming years. Plans at this stage do not provide for the building of a grain silo. The mission's sole recommendation is that this omission be remedied, since in our opinion the installation of mechanized grain handling equipment is imperative in a port where the bulk of the traffic consists of cereals.

Meanwhile, as previously indicated, the volume of cargo handled by

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the port has been increasing rapidly. To some extent this has been promoted by government regulations which direct certain classes of imports and exports via Latakia. It should be noted, however, that these have not seriously interfered with the traditional traffic between Beirut and Damascus and southern Syria. For the most part they buttress a traffic flow which would in any event tend via Latakia as the natural port for northern Syria. At present cargo must still be lightered but, considering this circumstance, cargo handling is fairly rapid. The port company appears to be well managed and in recent years has earned, on its paid-in capital, a modest profit which rose to over 5% in 1953. With the completion of the port, it should prove possible to reduce handling costs substantially.

IV CIVIL AVIATION

Supplementing rail and road transport, there is a domestic air service linking Damascus with Aleppo, Kamichliye and Latakia. It is operated with a DC-3 by the Syrian Airways, an autonomous government enterprise dependent on the Ministry of Finance. The financial results of this operation have not been divulged publicly, but it is evidently not self-supporting. The government regards it primarily as a promotional venture and the tariffs are correspondingly low. It must be recognized that occasional rapid air communication between the principal cities is desirable, and the mission accordingly anticipates that a new twin-motor plane, costing perhaps £S 600,000 may soon be needed to maintain this service.

Damascus is the country's principal airport and is served by a number of international airlines. Considerable amounts have been spent on the improvement and equipment of this airport which has been given a Class B designation by the ICAO. Of the £S 1.075 million provided in the 1954 budget for airport construction, equipment and maintenance, over 70% was destined for Damascus. In view of the many more urgent tasks confronting the government, we see no justification for the proposal to construct an entirely new airport for Damascus. By continuing about the same level of expenditures in the future as in recent years, the government should be able to make the requisite improvements in existing airports, which include, besides Damascus, a Class C airport at Aleppo, a Class G airfield at Kamichliye and an airport as yet unclassified at Deir ez Zor.

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III PORTS

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A MEDITERRANEAN OUTLETS

The east coast of the Mediterranean is not particularly favored with port sites. Most of the natural bays lie open toward the west and provide poor shelter without artificial breakwaters. There is also a high submarine shelf, comparatively unbroken by estuaries, so that along much of the Syrian-Lebanese coast the shallow waters prevent large ships from anchoring closer than several miles offshore. To add to the difficulties, on the landward side the mountain ranges parallel to the coast afford very few easy routes to the interior, and these generally over fairly high passes.

Conditions are somewhat better to the south, where the Palestine ports of Haifa and Jaffa (Tel Aviv) have been established. But for that length of coast more readily accessible to Syria natural port locations are scarce, and only a few deserve mention here. Even fewer are in Syrian territory, for although western Syria extends over some five degrees of latitude from north to south, its actual seacoast is confined to about 1½ degrees between Turkey and Lebanon.

At the extreme north Syrian goods can reach the Turkish port of Iskenderun, which has been considerably improved since 1921 and is growing in importance. This is connected by road to Aleppo and is also served by the continuation of the Northern Railway. Another Turkish port accessible by road is the once-important Antioch on the river Orontes; in recent times the silting of the river has destroyed its value for shipping.

Below the Turkish border is Syria's own port of Latakia, on which national development efforts are now concentrated and about which more will be said. Farther southward are the Syrian coastal towns of Djeble, Banias and Tartous, all three usable to some extent as ports. Djeble has been put forward at times as a possible future national port, but is of no significance at present. Banias is economically important as the terminus of the Iraq Petroleum Company pipeline, but for other commodities is rather inconveniently situated. Tartous is best known as a fishing port, and is occasionally visited by sailing ships and coasters.

The three Lebanese ports of Tripoli, Beirut and Sidon must be included in the list, although only the first two are important to Syria today. Sidon is chiefly of historic interest, although just south of it tankers now load petroleum from the Trans-Arabian pipeline.

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504 Tripoli, with both rail and road connections to Homs and beyond, handles certain cargo from nearby regions of Syria, including raw sugar imports for the Homs refinery. A free zone was established in 1952. However, the depth of water is only two meters at quayside and six along the jetty. This limits the usefulness of the port, as larger vessels must anchor in the roadstead at least a mile offshore.

Of the ports mentioned, the most important of all in recent times has been Beirut. Historically the outlet for much of the caravan trade, its modern development dates from a concession granted in 1857 for exploitation of a Beirut-Damascus road, and subsequently transferred to the Compagnie Ottomane du Port, des Quais et Entrepots de Beyrouth (a later outgrowth of which was the DHP Railway). By 1924 the company had installed modern port facilities and had obtained a protective monopoly for the construction of all ports along the Syrian coast.

The port introduced free warehousing in 1923 and in 1934 created a free zone. Partially inspired by the competitive development of the port of Haifa, a considerable extension of facilities was undertaken during 1934-38. The port area was enlarged to 19 hectares, with 1,420 meters of quays of which 415 meters offered deep water. Other works were extended to include 12,000 square meters of sheds, 3,000 cubic meters of refrigerated storage and 17,000 square meters of warehouse space.

As far as Syria is concerned, the port of Beirut is convenient to Damascus and the southern region and will probably continue to serve this area to a great extent. It is also the rail connection for Jordanian cargo passing through Syria. It seems probable that the Latakia port will draw more of its cargo volume from the new productive areas than from existing ports, and that the effect upon Beirut will be less than commonly supposed.

B THE NATIONAL PORT OF LATAKIA

Early Background

Latakia, until recently a modest coastal town of 35,000 inhabitants, has long been a fishing port. It has a small shallow natural harbor suitable for light craft, although it suffers heavy winds from January to March. There are some quays and sheds, but the depth of water alongside the quays

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range from 0.70 to five meters, averaging about two, and the depth of the harbor entrance is only six to seven meters. The larger ships must anchor in the roadstead (depth, five to six fathoms) and be served by lighters. 504

Although at various times in the past steps were initiated to improve the port facilities at Latakia, it was not until 1950 that the government decided definitely to proceed with the development of a modern national port. In the mission's opinion the decision was reasonable and realistic, despite the various theoretical arguments in favor of other courses. At all events, the course being chosen, the mission has viewed the present development problem as simply one of integrating Latakia most effectively into the national transport pattern.

New Construction

The new port is designed to handle one million tons of cargo per year, about double the 1953 volume, but is calculated to show a satisfactory investment return at slightly above 800,000 tons. This volume was actually reached in 1954, before completion of the port construction. Recently the dispatch of the lighter service itself has improved considerably and this, together with the growing volume of regular cargo, has recently made it possible for international shipping companies to remove the former Latakia port surcharge of $9.25 per ton.

The mission has recommended construction of a grain silo, not provided for in the plans. A silo capacity of about 20,000-40,000 tons, equipped for mechanized delivery, will be required to regularize the harvest flow of export cereals when combined with the inland storage, cleaning and grading facilities discussed in the Main Report.

Promotion and Regulation

A number of artificial measures have been invoked by the government as part of its effort to encourage the use of Latakia. A 1953 decree, for example, prohibited the importation of brown sugar, cement, asphalt, wood or iron via ports other than Latakia. There are also provisions with regard to exports. Since July 1952, exports of Syria's most important agricultural products are not allowed to use ports other than Latakia. The mission recognizes that such measures can serve a purpose at times, but they also can have serious drawbacks and are seldom the most desirable 654 504

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means of promotion. Indeed, in the first example given it was necessary to exempt certain materials for southern public works, sugar for the Homs refinery (by special license) and various other large imports, so that much of the remaining cargo affected by the decree would have entered through Latakia in any event. It is questionable whether the actual benefit to Latakia is enough to offset the domestic and international resentment engendered.

Favorable adjustment of the various port charges, such as those for anchorage, mooring, cargo handling and storage, offers a more satisfactory means of promotion. In these the Syrian government has already shown a flexible policy, readjusting the rate schedule from time to time; we feel that this policy should be continued. Inducements of this kind, together with constantly improving service to shippers, will in general meet the competition of other ports with greater benefit to the Syrian economy than negative or restrictive measures.

IV CIVIL AVIATION

In a period of a few years Syria has made appreciable progress in the development of her civil aviation. Wisely, at this early stage, she has concentrated on the most-needed domestic services and the educational steps to popularize air transport, while at the same time providing suitable airport facilities to insure good connection with international lines. Domestic air mail service was inaugurated in April 1954.

International Services

By the end of 1953 nine international airlines provided Syria with direct service to all parts of the world. These call primarily at Damascus, although the Class C airport at Aleppo is used internationally to some extent.

The Damascus airport is situated only 10 kilometers southwest of the center of the city on an excellent road, at an altitude of 715 meters. It has a main runway of 2,550 meters and a cross-wind runway of 1,000 meters, both paved. Runways, taxiways and aprons will take aircraft of up to 50 tons. Equipment includes full lighting to ICAO specifications,

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near Aleppo, and at Rayaq and there are many emergency landing fields.

Sea Ports. Since 1950 Beirut has handled over 2 million tonnage of ships a year; an increase of about a quarter of a million over the pre-war figures. The port has a free zone through which goods are shipped to Syria, Iraq, and Jordan. But the Syrian Government hopes to divert some of the transit trade from Beirut and has, with the assistance of a loan of $6 million from Saudi Arabia, formed a company to develop Latakia in order to handle about a million tons of goods a year (in 1952 431,593 tons were handled). Work on the extension of the port was begun by a Yugoslav firm in April 1953. Tripoli, Sidon, and Banias are ports handling the oil from the pipelines[1] and are little used for other purposes.

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Wireless and Telephones. An automatic telephone exchange system covers most of Syria and an automatic exchange is planned for Beirut. Telephone links with Europe and America are available through Beirut and normal cable facilities exist. The Syrian state broadcasting authority has two large transmitters and broadcasts in Arabic, French, English, and Hebrew. Near Beirut there is a station which broadcasts in Arabic, French, and English.

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The 'Common Interests'

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Under the Mandate, Syria and Lebanon formed an economic and customs union, the Higher Council of Common Interests, under the direct control of France, which administered customs and excise and controlled concessionary companies, antiquities, and some other services. On 1 January 1944 the control was transferred to the Syrian and Lebanese Governments. The currencies were linked and interchangeable, and both the Syrian and Lebanese pounds were largely backed by French francs based on a rate of 8·83 to the pound sterling (then worth $4·03). In order to maintain a good profit on the exchange brought in by oil companies the Lebanese and Syrian pounds were not devalued in 1949 to follow sterling. Exchange was controlled by one department for both countries and the note issue is in the hands of the French Banque de Syrie et du Liban.

But these links were incompatible with the differences that developed in the economic policies of the two countries when they became independent. Syria, in normal years, has a large exportable surplus of agricultural products and little transit trade, whereas the debtor trade balance of Lebanon is com-

[1] See Appendix IV, p. 570 below.

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457 countries, and the railways and other monopolies in the two countries operated under the supervision of a joint board. In the post-war period, however, strains began to be felt, especially in regard to the allocation of customs revenues between the two countries. Conclusion of a financial agreement between Lebanon and France in 1948, and failure of Syria to conclude one until the following year, put the Lebanese pound at a premium over the Syrian pound. More important was the incompatibility between the desire of the Syrian Government to protect its agriculture and its developing industries and that of the Lebanese Government to reduce restrictions on trade and movement of capital and to lower the cost of living, and the consequent divergence in the fiscal policies of the two.

The breakup of the customs union, on 14 March 1950, was followed by considerable dislocation of trade. After prolonged negotiation, a temporary commercial agreement was signed in November 1950, removing prohibitions on the importation from either country of agricultural and domestic industrial goods, that is, goods containing local raw materials to the extent of 50 per cent of their value. Such goods were, however, subject to the usual custom duties and, like other goods imported into Syria, required licences. In the following years, several temporary agreements were concluded between the two countries, of which the most important was that of February 1952. This agreement contained lists of the products of each country which were to be admitted to the other free of duty or at reduced rates. Minimum duties were agreed upon for certain goods imported from other countries. The agreement, however, left certain loopholes, as a result of which Syria prohibited the export of certain agricultural goods to Lebanon, and the import of certain manufactured goods from it. Consequently, another agreement was concluded in March 1953, in which some of the loopholes were closed and transit facilities were mutually conceded.

These agreements achieved one of the main objects of Syrian policy, the protection of industry and of certain branches of agriculture. A further step in the same direction was the refusal, in August 1951, to renew the General Agreement on Tariffs and Trade. This left Syria free to conclude bilateral agreements with certain Arab States, namely Egypt, Jordan and Saudi Arabia, and with other States such as Czechoslovakia, the Federal Republic of Germany, Greece, Japan and Yugoslavia; these agreements provide for most favoured nation treatment and, in certain cases, for tariff concessions. In May 1954, the Inter-Arab Trade and Transit Agreement and the Payments Agreement were ratified by Syria.

439 Another objective of the Syrian Government has been diversion of trade from
457 the port of Beirut to Latakia and the replacing of Lebanese middlemen by Syrian.
504 In 1950, the Government prohibited the import of certain goods, such as textiles, through Lebanon. In 1952, foreign firms operating in Syria were required to have Syrian managers, and companies established were required to have capital, more than half of which came from Syrian sources. Free zones were set up in Latakia and Damascus, and re-exporting was authorized. In 1952, a decree prohibited the exporting of major agricultural products, such as cotton, cotton-seed, wheat, barley, pulses and wool, except through Latakia; most products grown in the southern part of Syria 1/ were, however, exempted from this provision. Owing to

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1/ The provinces of Hama, Homs, Damascus, Hauran and Jebal Druse.

the inadequate condition of the port of Latakia and the unpreparedness of Syrian merchants, these restrictions caused a certain amount of hardship, the cost of imported merchandise was raised, 1/ and much capital was locked up in merchandise. However, improvement of the harbour (see below) and the expansion in Syria's foreign trade greatly increased the volume of merchandise passing through Latakia; imports rose from 19,000 tons in 1948 to 168,000 in 1953 and 207,000 in 1954, and exports from 6,000 tons to 336,000 and 690,000. In July 1954, exports through other routes were authorized, to relieve pressure on Latakia. The greater proportion of imports, and nearly half of all exports, still pass across the Lebanese frontier.

Table 52 shows the changes that have taken place in Syria's foreign trade. During the war years, the imports of the Lebano-Syrian Union declined greatly, while exports contracted still more sharply. 2/ After the war, imports recovered rapidly but exports lagged behind. The large import surplus, which was mainly accounted for by Lebanon but to which Syria also contributed, was covered by liquidating the greater part of the foreign exchange reserves accumulated during the war and by various invisible receipts. The breakup of the customs union coincided with expansion of cotton production in Syria and with an increase in the output of cereals. Consequently, Syria's foreign trade has, in recent years, shown a surplus. This, however, is due to the fact that imports are valued at the official rate of exchange, although they are actually paid for with currency purchased at the free rate. Table 53 shows the main items in Syria's balance of payments, valued at the respective free rates.

A breakdown of exports in 1953 shows raw cotton to be by far the most important item, 3/ followed by wheat and barley; 4/ imports covered a wide range of products. 5/

1/ In 1951 it was estimated that the cost of importing goods through Latakia was 15 to 20 per cent higher than through Beirut.

2/ A quantum index of imports into Lebanon and Syria (1938 = 100) shows a decline to 27 in 1941, and a recovery to 53 in 1945, 107 in 1946, 122 in 1947, 178 in 1948 and 205 in 1949. The index of exports fell to 18 in 1941 and recovered to 30 in 1945, 70 in 1946, 84 in 1947, 80 in 1948 and 154 in 1949 (Musa J. Halabi, Terms of Trade for Syria and Lebanon, unpublished thesis, American University, Beirut, 1952).

3/ France has been the leading importer of Syrian cotton since large-scale production began, followed by the United Kingdom. In 1953, France took 20,000 tons, out of a total of 54,000, the United Kingdom 14,000, the Federal Republic of Germany 9,000, Italy 6,000 and Lebanon 2,000 (Bureau des documentations syriennes et arabes, Etude Mensuelle sur l'économie et le marché syriens). In 1952, exports totalled 38,000 tons, worth £S 124.5 million.

4/ In 1953, exports of wheat aggregated 180,000 tons, barley 153,000, millet 43,000 and flour 22,000. In 1952, the figures were 100,000 tons, 140,000 tons, 14,000 tons and 9,000 tons respectively.

5/ Ministry of National Economy, Summary of Foreign Trade, Fourth Quarter and Year 1953 (Damascus, 1954).